



CITY COUNCIL

Finance Committee

Meeting Report Monday, November 3, 2008

Committee Members Attending: J. Waltman, Chair, M. Baez

Others Attending: V. Spencer, L. Kelleher, R. Hottenstein D. Cituk,

Waltman called the Finance Committee meeting to order.

MAXIMUS Fine Fee increases

Mr. Hottenstein stated that MAXIMUS would be preparing a draft report this Wednesday; however, this report will not include information from Codes, Zoning, and Fire. MAXIMUS is still awaiting information from the fire codes and zoning office.

Ms. Kelleher noted the importance of having this information by Wednesday so the appropriate fines and fees ordinances can be created to adjust the necessary permit fees, user fees, and fines.

Mr. Hottenstein noted the importance of choosing the appropriate level of charge. He noted that at times the maximum allowed is not preferable.

Auditor's recommended changes

Mr. Cituk called the committee's attention to his revenue recommendations attached to the agenda. He stated that currently only the increase in the housing permit fee is included in the Administration's projections. Mr. Cituk stated that these recommendations were based on year to date trends; however, some projections are higher than market trends.

Mr. Hottenstein distributed an amended revenue and expenditure proposal to the

committee. Mr. Hottenstein and Mr. Cituk stated that reduction of \$500,000 in the MMO is included in the Administrations new draft.

Mr. Waltman stated that removing the increase in the earned income tax EIT will create a \$1.9 million gap. The revenues with adjustments made by the auditor include the EIT tax increase and have an approximate \$500,000 gap.

Mr. Hottenstein stated that the Administration has no objection to the suggestions made by the City Auditor.

Mr. Cituk stated that he is not a proponent of reducing the Administration's proposed EIT increase. He stated that he supports the proposed .3 increase include in the 2009 budget. He stated that the EIT tax revenue increases as the salaries of City residents increase.

Mr. Cituk stated that he would distribute his proposed reductions and expenditures later in the week.

Mr. Waltman stated that the results of the latest Council Budget Worksheet show that there is no consensus for an EIT increase. There is consensus for a property tax increase in the amount dictated by the charter. There is consensus for the increase in the meter surcharge.

Mr. Waltman again stated that without an EIT tax increase there will be a \$1.9 million shortfall. He noted that each budget worksheet prepared by Council over the past few weeks stresses the need for the administrations increased collection efforts on various permits and taxes such as the housing permit and business privilege tax and license.

Mr. Waltman requested that the Administration prepare an amendment showing the EIT revenue set at the current rate; a .5 million increase in the property tax, and various revenue suggestions made by the City Auditor. He stated that this new draft will help Council further consider reductions in expenditures and increases in revenues.

CDBG Action Plan and Consolidated Plan Review

Mr. Hottenstein asked the Committee to give a final review to the proposed CDBG Action Plan scheduled for Council consideration on Monday November 10th. He explained that the Section 108 loan payments will occur until 2021. He stated that a former Community Development Director stated that the Abraham Lincoln Hotel 108 loan payment was refinanced and extended until 2021 also.

Mr. Hottenstein stated that the commercial façade allocation has not been eliminated, unused money from prior years will be carried over.

Mr. Hottenstein stated that the facade project scheduled for the Olivet-PAL Building on Walnut Street is now moving forward. He noted that the request for a relighting project has been moved out until 2010.

Mr. Hottenstein added questions pertaining to the Olivet southeast and the NEAR Program. He stated that the recreation program offered by Olivet southeast occurs at the Keshar Zion synagogue. The NEAR Program is an after school program offered at Pendra Park field house.

Mr. Hottenstein explained that the Reading Future section 108 loan payments support the Sovereign Bank Project. Currently the City has \$15 million in Section 108 loans outstanding, which is the maximum allowed under HUD regulations.

Mr. Waltman reminded Council that the CDBG needs Council's action on Monday November 10th. He stated that budget amendments need to be introduced at the November 10th Council Meeting. He stated that at this point Council will not be submitting their own budget but will be preparing amendments for introduction.

Respectfully submitted by,

Linda Kelleher
City Clerk